

Economic Impact of the NFL on London and the UK





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Introduction

London has staged a number of iconic, international sporting events in recent years. As well as the lasting sporting legacy, these events also generate sustainable long-term economic benefit for London and the UK, often demonstrated by independent research to show their value.

Against this backdrop, Deloitte were engaged to provide an estimate of the economic impact of staging NFL games in the UK on both the London and UK economies, in cooperation with London & Partners and the NFL.

Background

- The NFL International Series has been staged in London since 2007, with at least one NFL regular season game played at Wembley Stadium per season. In 2013 Wembley hosted two games for the first time, and in 2014 the International Series expands to three games.
- The high-profile nature of the NFL has helped generate significant interest in the International Series, prompting debate around potential further expansion in the UK.
- In the context of this change to the UK sporting landscape, we were asked to estimate the economic impact, to both London and the UK, of a range of scenarios. Throughout our analysis, "London" refers to the 33 local authorities of Greater London. The scenarios to be considered were:
 - **Scenario 1:** The economic impact of the two 2013 NFL International Series games;
 - **Scenario 2:** The potential economic impact of London hosting two additional NFL International Series games (i.e. four in total);
 - **Scenario 3:** The potential economic impact of London hosting an NFL franchise;
 - **Scenario 4:** The economic profile of the Super Bowl.
- Scenario 3 would see the International Series replaced with a London-hosted franchise playing eight regular season NFL games in London. We do not provide a feasibility study, nor a detailed roadmap of the logistical steps necessary for this to happen. However, we have modelled the potential impact on the London and UK economies based on a number of high-level assumptions relating to the establishment and operations of a London-hosted franchise.
- In addition to estimated economic impact, we have included a range of potential upsides; however these have not been quantified or included in our economic modelling, due to the fact that they are inherently uncertain.
- Our approach to Scenario 4 was qualitative, as opposed to providing detailed economic impact analysis.

Our approach

- Our approach focuses on the use of actual historical data, obtained from the NFL, in relation to the 2013 International Series games, in respect of ticket sales and operational costs.
- We have augmented this data with a range of assumptions based on publicly available information (e.g. London tourist data), our understanding of the NFL and comparable sports events, and previous economic impact studies we have conducted.
- We have also undertaken stakeholder consultations with key personnel from NFL International Ltd (based in London), the office of the Mayor of London, and London & Partners.
- We have estimated potential indirect and induced impacts (through business-to-business purchases and consumer spending effects) for each of Scenarios 1-3. This is based on Deloitte's fixed-coefficient Input-Output model for the UK and constituent regions, including Greater London.
- All future estimates are at 2014 prices and inflation has not been applied.

Report structure

- The report is structured into five main sections, as outlined below:
 - **Section One: The NFL International Series in context** – provides brief contextual analysis and key metrics;
 - **Section Two: Economic impact of the 2013 NFL International Series** – estimates the economic impact, on both London and the UK, of the two NFL International Series games played at Wembley in 2013;
 - **Section Three: Potential economic impact of an expanded NFL International Series** – estimates the potential economic impact, on both London and the UK, of expanding the NFL International Series to four games per season;
 - **Section Four: Potential economic impact of a London-hosted NFL franchise** – estimates the potential economic impact, on both London and the UK, of there being a permanent NFL franchise in London (i.e. playing eight regular season games in London per season);
 - **Section Five: Economic profile of the Super Bowl** – provides discursive analysis of the various factors that would affect London's ability to host a successful Super Bowl.
- The figures in this report are typically provided to the nearest £0.1m, and may not always sum exactly due to rounding.

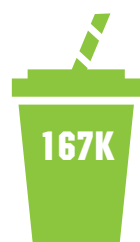


Executive Summary

The total direct economic impact of the 2013 NFL International Series on the London economy is estimated to be £32m



Average attendance at each NFL International Series game (since 2007)



Total spectators (2013 NFL International Series)

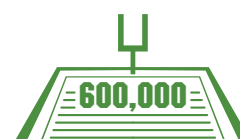


A London-hosted NFL franchise could generate total direct economic impact to the UK of £102m per season

An expanded NFL International Series, consisting of four games played at London's Wembley Stadium, could generate total direct economic impact of £58m to the London economy per season



Estimated total spectators (four game NFL International Series)



Estimated total spectators (London-hosted franchise)

Scenario One – Economic impact of the 2013 NFL International Series

Direct economic impact on London estimated to be £32m

- The direct economic impact of the 2013 NFL International Series on the London economy is estimated to be £32m.
- The Series is estimated to have generated additional total indirect and induced expenditure in the UK of £30m.
- Gross Value Added (GVA) in the UK is estimated to be £24m.

Impact driven by spectator spending

- Spectator spending of £20m helped drive direct economic impact on London of £32m. The other significant component of direct impact is League office operational spend of £8m.

In addition to the economic impact quantified there are a number of potential upsides

- Potential upsides which have not been quantified, but may well increase the economic impact on the London economy, include elements of potential additional spectator spending, as well as related tax impacts.

Scenario Two – Potential economic impact of an expanded NFL International Series

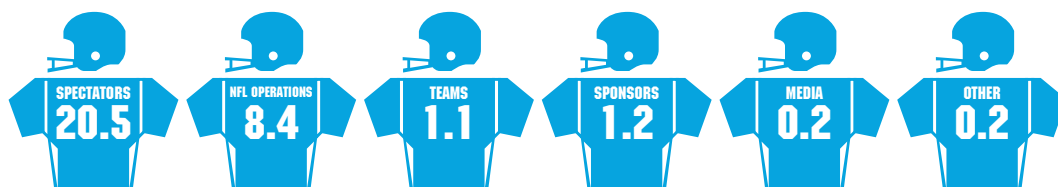
Direct economic impact on London estimated to be £58m per season

- An expanded NFL International Series, consisting of four games played at London's Wembley Stadium, could generate direct impact on the London economy of £58m per season.
- Our estimate assumes that the current operational structure of the International Series remains in place, with two additional games compared with 2013.

Spectator spending and League office operational expenditure remain the largest components of economic impact

- Spectator spending is estimated to increase to £41m, with total League office operational spend estimated to increase to £12m per season.
- Other elements of direct economic impact on the London economy include sponsor expenditure of £3m, spending by competing teams of £2m and total media and "other" expenditure of £1m per season.

Direct economic
impact of the 2013
NFL International
Series
£32m



Direct economic
impact of an expanded
NFL International
Series per season
£58m

Direct economic
impact of a
London-hosted NFL
franchise per season
£102m



Scenario Three – Potential economic impact of a London-hosted NFL franchise

A London-hosted NFL franchise could generate direct economic impact of £102m on London

- The total estimated direct economic impact of a London-hosted NFL franchise, playing eight regular season games per season at Wembley Stadium, is £102m per season.
- Total induced and indirect spend in the wider UK economy is estimated to be £96m, and total GVA in the UK is estimated to be £80m per season.

Key assumptions include the origin profile of spectators and the operational set-up of the franchise

- We have assumed that the proportion of local spectators would increase to 30%, with 65% of attendees coming from the rest of the UK.
- The operational set-up of the franchise has been assumed such that players and staff would visit the UK four times a year, to play two home games on each visit, rather than being permanently based in the UK.

Scenario Four – Economic profile of the Super Bowl

The economic impact of the Super Bowl has been subject to a range of previous studies

- These studies have attracted some criticism from commentators due to the nature of their conclusions, often in the region of \$400m.
- A London-based Super Bowl may result in actual economic impact that is significantly lower than this.

There are a number of important considerations regarding the potential for a Super Bowl to be hosted in the UK

- London has a proven track record of delivering successful major sporting events, but there would still be a number of factors to consider. These include:
 - Consideration of the UK market's ability to maximise the commercial impact of the Super Bowl;
 - Logistical issues such as kick-off time and additional costs compared with a US-hosted Super Bowl; and
 - The potential reaction from the core NFL market in the US.

The NFL International Series

in context

The NFL International Series has seen games played at London's Wembley Stadium since 2007, with the average attendance being in excess of 82,000.

Table 1.1: NFL International Series games played at Wembley Stadium

Year	Winner	Loser	Score	Attend.	League Attend. ¹
2013	San Francisco 49ers	Jacksonville Jaguars	42-10	83,559	68,397
2013	Minnesota Vikings	Pittsburgh Steelers	34-27	83,518	68,397
2012	New England Patriots	St. Louis Rams	45-7	84,004	67,632
2011	Chicago Bears	Tampa Bay Buccaneers	24-18	76,981	67,419
2010	San Francisco 49ers	Denver Broncos	24-16	83,941	66,957
2009	New England Patriots	Tampa Bay Buccaneers	35-7	84,254	67,506
2008	New Orleans Saints	San Diego Chargers	37-32	83,226	68,245
2007	New York Giants	Miami Dolphins	13-10	81,176	67,738

Note:

¹ This is the league-wide average attendance, excluding the games played overseas.

Source: NFL; ESPN; Deloitte analysis.

The NFL International Series in context

- The National Football League ("NFL") is a professional American football league, founded in 1920, one of the traditional "Big Four" professional sports leagues in North America.
- The League is composed of 32 teams playing in two conferences, the American Football Conference ("AFC") and the National Football Conference ("NFC"), with the winners of these respective conferences contesting the Super Bowl at the end of each season.
- The NFL International Series, whereby regular season games are played outside of the US, was introduced in 2005 as a way of expanding the NFL brand into new markets around the world and increasing the profile of the sport. To date, 14 regular season games have been played abroad, in Mexico (1), Canada (5) and the UK (8).
- The games in London have been hugely successful, with an average attendance for the eight games at Wembley Stadium of over 82,500, around 15,000 higher than the league-wide average attendance for US-based games.

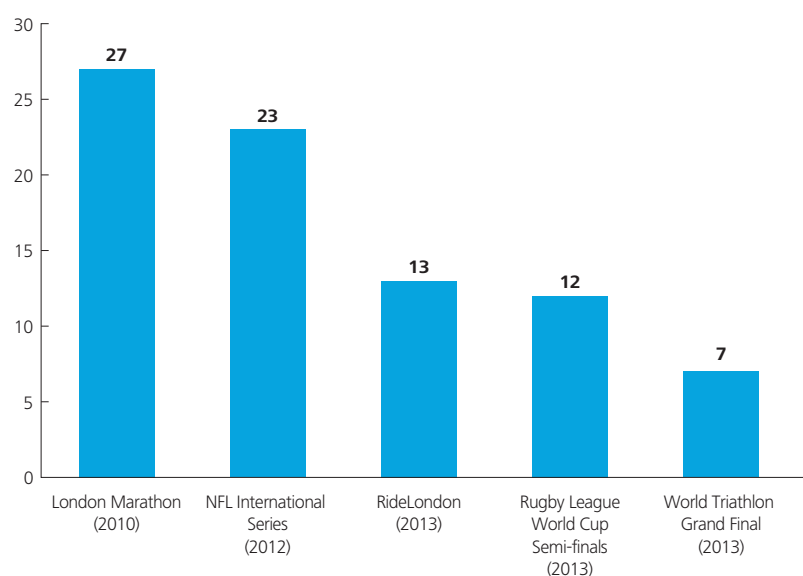
- In addition to the game itself, the International Series provides an opportunity for spectators to engage with the sport through other events in the build-up. For example, the day before the Vikings-Steelers game in 2013, over half a million fans attended a football festival on London's Regent Street (Source: Regent Street Association).

- In response to this success and the growing fan support of the NFL in the UK, London's Wembley Stadium will host three regular season games in 2014, and at least one further game each season up to 2016. According to the NFL, it has a significant – and growing – fanbase in the UK, reported to be more than 13 million, including 2.8 million avid fans – the latter having increased more than 30% in the past two years, as more International Series games have been played in London.

Economic impact comparisons – major UK events

- The advent of the NFL International Series has already been a significant change to the UK sporting landscape. Given the nature of this report, including considering various degrees of expansion to the number of NFL games in London, it is useful to consider the wider context of the economic impact of sports events staged in London.
- Direct comparisons between economic impact studies are problematic, due primarily to the different methodologies used. However, our approach in modelling the direct economic impact of each scenario has followed the principles of the event IMPACTS methodology (www.eventimpacts.com). Therefore, in order to provide some additional context to this report, and the NFL International Series in the wider sporting event landscape, we have presented opposite the results of several economic impact studies of recent major sports events in the UK, that have followed a similar methodology.
- The London Marathon, attracting over 30,000 participants, is estimated to have delivered c.£27m of direct economic impact to the London economy in 2010.

Chart 1.1: Direct economic impact of recent London-hosted major sporting events on Greater London (£m)



Note: Figures are taken from various public sources, and relate to direct economic impact only. Studies may employ different methodologies to calculate economic impact.

- The 2012 NFL International Series game between the New England Patriots and St Louis Rams was estimated to have provided direct economic impact of £23m to the London economy.
- Ride London 2013, the capital's festival of cycling attracted nearly 70,000 participants and 180,000 spectators across the two days of events. This contributed to a direct economic impact of £13m on London.
- The 2013 Rugby League World Cup was held at numerous venues across the UK. Wembley Stadium hosted both semi-finals, on the same day, which are estimated to have delivered £12m direct economic impact to London.
- The World Triathlon Grand final, held in London's Hyde Park attracted over 40,000 spectators in 2013 and contributed to a direct economic impact on London of £7m.



The Super Bowl

- The Super Bowl is considered, by most measures, to be the largest single sporting event in terms of direct economic impact provided to the host city/region.
- Super Bowl XLVII in 2013 was estimated to have delivered direct economic impact of £169m to the New Orleans area.

A recent study estimated the economic impact of the 2012 NFL International Series match in London to be c.£23m. The direct economic impact of Super Bowl XLVII on New Orleans in 2013 was estimated to be almost £170m.

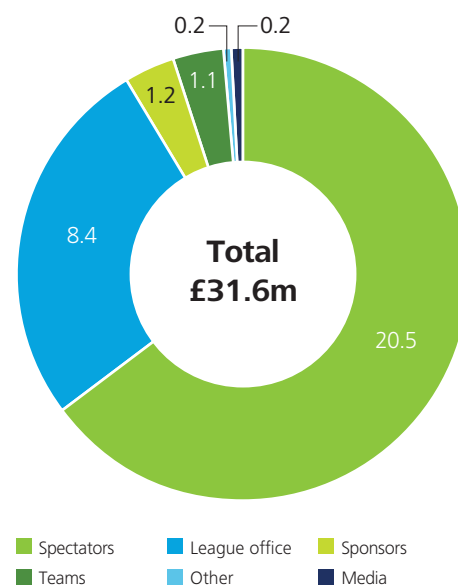
Economic impact of the 2013 NFL International Series

The total direct economic impact of the two games that constituted the 2013 NFL International Series on London is estimated to be £31.6m, with the majority of this generated by spectators.

Summary

- The 2013 NFL International Series featured two games played at London's Wembley Stadium, in September and October 2013:
 - On 29 September Minnesota Vikings defeated Pittsburgh Steelers 34-27; and
 - On 27 October San Francisco 49ers defeated Jacksonville Jaguars 42-10.
- We have estimated the economic impact of these games, along with supporting ancillary events, on the London and wider UK economies.
- Our estimate of the direct economic impact of the games is set out in Chart 2.1, with direct impact on London estimated to be £31.6m. The main component of this impact is spectator spending, despite conservative assumptions regarding the proportion of non-local attendees. The two games drew a cumulative attendance of more than 167,000, of which a sizeable majority (78%) were general admission ("GA") attendees.
- With the two games being staged a month apart, although many spectators may have attended both games, for the purposes of estimating expenditure on the local (London) or wider UK economy, we have assumed that each game attended would represent a separate, "unique" trip.
- More than 6,500 attendees are assumed to have travelled from overseas, with a further 132,000 travelling from elsewhere in the UK to attend the two games, generating total expenditure by non-London residents of £20.5m. £4.7m of this relates to international visitors.

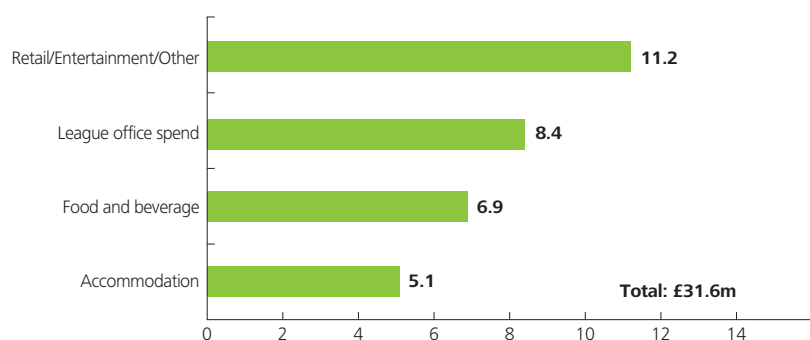
Chart 2.1: Direct economic impact of the 2013 NFL International Series games on London by stakeholder (£m)



Source: Deloitte analysis.

- Spending by League office operations totalled £8.4m in the London economy. This figure excludes c.£2.4m of costs relating to chartered international flights with Virgin Atlantic, and accommodation costs for teams staying outside of London. These amounts are included in our economic impact analysis of the wider UK economy, page 15.
- Visiting teams (including players, coaching staff, family and friends) contributed £1.1m to the London economy, and the 2013 NFL International Series' (non-London) sponsors spent an estimated £1.2m in the local economy.
- A relatively small amount of expenditure is also estimated to have occurred in association with non-London media visiting the event.
- As per Chart 2.2, the largest element of expenditure is the £11.2m spent on retail, entertainment and 'other'. This includes daily discretionary spend by non-local visitors, as well as sponsor activation spend of £1m.

Chart 2.2: Direct economic impact of the 2013 NFL International Series games on London by expenditure type (£m)

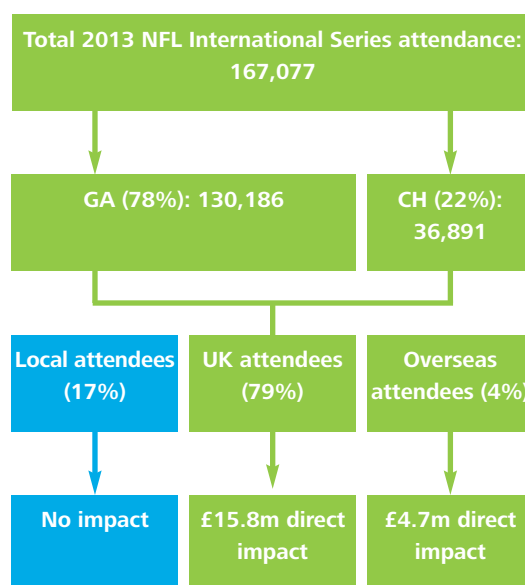


Source: Deloitte analysis.

Spectators

- Spectator spending was the key source of economic impact for the 2013 NFL International Series in London. A total of 167,077 fans attended the two games, with over 135,000 of these travelling from outside the London area. Of these non-London based fans, around 6,500 travelled from overseas, with the remainder travelling from elsewhere in the UK.
- For the purposes of quantifying the direct additional economic impact, we exclude local (London-based) spectators from our analysis on the assumption that their event-related expenditure represents displaced spending (i.e. it would otherwise contribute to the London economy).
- Given that GA tickets for both games were sold out well in advance of both matches, we have assumed that there were no “casual spectators” (i.e. people who were in London anyway and decided to attend a game).
- Furthermore, given there was a month between the two games, we have assumed that each attendee represents a “unique spectator” for the purposes of economic modelling.
- The large majority of spectators (78%) had GA tickets. Corporate hospitality (“CH”) tickets comprised a variety of different packages, including Club Wembley seats and hospitality suites. Our estimates of total spectator expenditure incorporates both GA and CH attendees.

- The majority of ticket revenue flowed directly to the NFL, with a small proportion retained by both Wembley and Ticketmaster UK.
- The proportion of ticket revenue retained by the UK economy (direct Club Wembley sales, and online Ticketmaster sales) from overseas visitors is estimated to be very limited in nature (under £0.1m), based on the profile of game attendees.
- Ticket revenue retained by Wembley from UK (non-London) attendees is estimated to be £0.2m. This is included within our estimate of direct economic impact.
- The following pages set out the estimated economic impact of all spectators, together with the key attendance assumptions.



Source: Ticket sales data and fan exit surveys for International Series games, provided by NFL management.

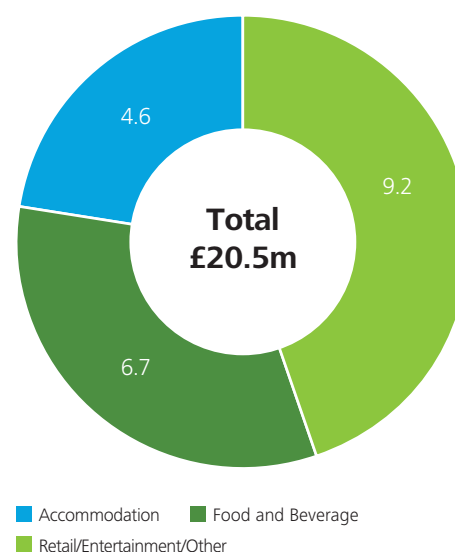
Average estimated daily spend

- Non-local GA spectators are estimated to have had a daily expenditure of c.£200, rising to around £250 per day for CH spectators. The majority of this expenditure represents accommodation, at a daily average room rate of £110 and £150 respectively.
- Hotel rates for both types of spectator have been based on analysis of the European hotel industry's performance between May 2013 and May 2014 (by STR Global).
- Estimates of expenditure on other items (food and beverage, retail, entertainment, travel and other) have been informed by recent publicly available information such as the 2012/13 London Tourism report prepared by London & Partners.
- Given that CH spectators generally receive food and beverage as part of their ticket price, we assume that the differentiation between spend on food and beverage between GA and CH spectators is relatively small. However, we would expect CH spectators to spend more per head on evening meals during their stay.
- Other costs include retail, entertainment, and internal travel costs in London, such as tubes, trains or taxis. Domestic rail fares paid by UK, non-London spectators have not been included on the basis that it is not possible to identify the proportion of this expenditure directly attributable to the London economy.

Total estimated spectator expenditure

- Total non-local spectator expenditure is estimated at £20.5m, with retail, entertainment and other (including travel) the largest proportion of this at £9.2m (45%).
- Overseas spectators are estimated to stay in London for the duration of their trip, for an average of four nights. Based on previous economic impact studies, and the logistical challenges arising from a London evening game, we have assumed that one-third of non-London, UK-based spectators spend one night in London, with 80% of these representing commercial stayers. In most cases this is likely to be the night of the game.

Chart 2.3: Estimated total spectator expenditure at the 2013 NFL International Series (£m)



Source: Deloitte analysis.

- Food and beverage spend of £6.7m is driven by non-local UK attendees, estimated to total c.132,000 for the two games, spending on average between £40 and £50 per person.
- Spending by local spectators is excluded from our estimates on the assumption that this is likely to displace existing local economic activity. However, there is undoubtedly a potential upside to these estimates, as it is likely that at least some of the c.30,000 London spectators who chose to spend money on the International Series games they attended might otherwise have spent this outside London, thus retaining expenditure in the local economy.

League office operational expenditure

Overview

- Each 2013 NFL International Series game had an operational budget of c.\$16m, broadly consisting of the following:
 - Expenses incurred in relation to visiting franchises, gameday operational costs and costs in respect of the “Game Week” supporting events of c.\$10.5m; and
 - “Buyout” fees to reimburse visiting franchises for lost revenues as a result of playing home games away from their home territory (c.\$5m).
- We have only included expenditure in the local (London) or UK economy in our economic modelling. Therefore, the team buyout element has been excluded, as this flows directly to US-based franchises rather than any UK-based entities.
- Detailed individual game profit and loss accounts were obtained from NFL management, with relevant expenditure in the host economy analysed in Chart 2.4.

League office operational expenditure by type

Supporting events and entertainment

- The cost of the game week supporting events (NFL at Regent Street, Trafalgar Square Fan Rally and Trophy Tour) totalled £1.5m. In addition to this, pre-game “Tailgate” parties around Wembley Stadium cost £1.4m.
- Other events and entertainment, including the “Saturday London Bash” events and pre-game and half-time shows at the stadium, totalled £0.9m.

Stadium costs

- Stadium costs totalled £2.1m and include the cost of renting Wembley Stadium for the games, “seat kill” costs and security costs.
- Other stadium-related costs include build-out costs for media structures and field preparation costs (e.g. line painting).

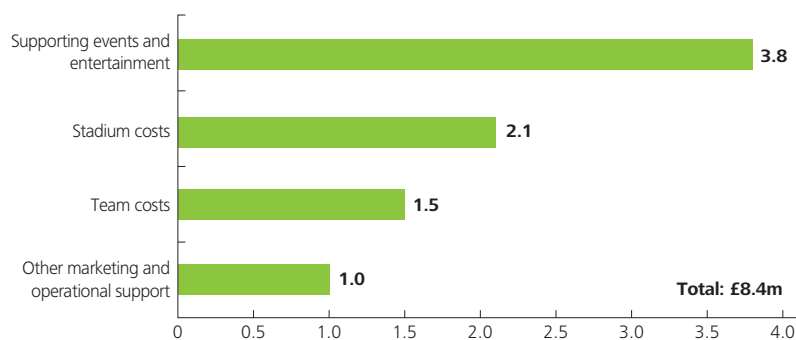
Team costs

- Team costs exclude international flights for visiting franchises, which were chartered with Virgin Atlantic, a UK but not London-based corporate entity. These totalled £1.9m and have been included in our economic impact analysis of the wider UK economy on page 15.
- Also excluded from team costs are certain team accommodation and catering costs of c.£0.4m, in respect of visiting franchises staying at The Grove and Pennyhill Park, which are not situated within the 33 local authorities of Greater London. These costs are also included in our analysis of the wider UK economy.
- London-based accommodation and catering costs of c.£0.7m and other team-related costs of £0.9m (e.g. practice equipment, ground transport, function space, medical costs, cheerleaders etc.) are included here.

Other marketing and operational support

- Other marketing and operational support costs include various event-related costs such as in-stadium activity, game ticket marketing and accommodation costs for NFL operational support staff from the USA.

Chart 2.4: League office operations expenditure in the London economy by type (£m)



Source: NFL.



Other stakeholders

Media attendees

- The NFL International Series attracts a significant media presence from around the world, and based on discussions with NFL management we have estimated that the two games in 2013 saw 800 accreditations awarded to media representatives (including television).
- Around 600 of these attendees were local London media, with c.100 attending from the US. The majority of the remainder were visitors from mainland Europe or the rest of the world. Media attendees from elsewhere in the UK were estimated to be low, at six per game.
- Total expenditure by non-local media attendees is estimated to be £0.2m, with an average daily spend of £240 per attendee. 99% of this expenditure is estimated to relate to overseas media attendees.
- We have assumed that, on average, media attendees from overseas stay in London for between four and seven nights (with around half of the US media attendees travelling to and from the event with a franchise). Media attendees from elsewhere in the UK are assumed to spend one night in London (either the night before the game or on the day of the game).
- Average accommodation costs per media attendee are estimated to be £140 per night, with a total contribution to economic impact from accommodation of £0.1m.
- We have also assumed an average spend per media attendee per day of c.£40 on food and beverage, and c.£60 on other costs, including retail, entertainment and London transport (i.e. tube/train and taxis).
- International flights to and from the UK, and domestic trains to and from London for non-local UK media, have not been included in our estimates on the basis that it is not possible to reliably identify the number of flights with UK carriers or the proportion of domestic train expenditure between London and non-London companies.
- The total contribution to the London economy of food and beverage and other costs incurred by media attendees is estimated to be £0.1m.

Team-related expenditure

- From discussions with NFL management, we understand that the average size of a travelling NFL team party for an International Series game is 140 people. A typical split across this would be:
 - 60 players, including eight “practice squad”/youth players;
 - 25 coaches;
 - 15 marketing/commercial staff; and
 - 40 other “front of house”/operational staff (e.g. cheerleaders, media officers).
- In addition, a typical team might bring up to 100 family, friends, support staff, “back of house” office staff and commercial partners in their party.



Core team party

- The majority of the expenditure related to the “core” party of 140 – for three of the four visiting teams – is covered by the central NFL game budget.
- There is assumed to be an element of additional, discretionary expenditure by this group of £0.3m, based on assumed daily expenditure of £100 per person.
- Costs incurred by the Jacksonville Jaguars, not covered by NFL management, in respect of international flights, hotels and catering and other expenses, are assumed to be in the region of £0.9m. The cost of flights and accommodation at Pennyhill Park are not included in this total, but have been included in our economic impact analysis of the wider UK on page 15.

Additional team party members

- There is also an element of additional expenditure and subsequent economic impact on the host economy from the c.100 additional party members who typically travel with a team.
- Total expenditure by these additional team party members is estimated to be £0.7m, with accommodation (£0.3m) and retail/entertainment/other (including transport) (£0.2m) being the two largest contributors to that total.
- We have estimated the average daily expenditure of these additional team party members to be c.£300 per person.

Sponsors

- The NFL International Series has a substantial portfolio of both national and international sponsors, with many of the Series’ partners being global partners of the NFL.
- Local (UK) partners include Virgin Atlantic, Aon, EMC², Thomson and Brand USA (DiscoverAmerica.com). Sponsorship deals are also in place with Surface and Xbox (both Microsoft subsidiaries) and Walkers (part of PepsiCo UK).
- From discussions with NFL management, we have estimated that the total expenditure in the London economy in relation to sponsor activation for the 2013 NFL International Series was c.£1.1m.
- These activities included hosting bespoke events across London (e.g. Aon hosted a launch event in London’s Devonshire Square, home to its global headquarters, featuring performances by the Minnesota Vikings cheerleaders), and on-the-ground brand presence at major fan events in Trafalgar Square and Regent Street, as well as the pre-game Tailgate party and Fan Plaza events outside Wembley Stadium.
- In addition, we have estimated that there were a total of 65 overseas VIPs or corporate guests in attendance at each of the 2013 International Series games. These attendees spent an average of £260 per day, staying in London for an average of four nights, leading to total estimated expenditure of £0.1m.

In addition to the areas of economic impact identified in this report, there are a number of potential upside benefits for the 2013 NFL International Series.

Potential upsides to our economic impact estimates

- There are certain areas of expenditure and other economic and media impact areas that, due to their inherent uncertainty and a lack of data, we do not quantify in an estimated study such as this. Where we do include any estimate for these areas, we only include a minimal figure.
- Some of these areas can often be captured accurately in an economic impact study, but only through primary customer research during or after the actual event.
- However, such areas do represent likely increased expenditure and economic impact and/or enhanced media exposure. Hence, we outline the main areas below:

Additional personal spending by visitors

- We have only included a small estimate for personal spending (i.e. retail, leisure etc.) for NFL International Series visitors (spectators, teams, family and friends etc.) as this type of expenditure is discretionary in nature. There may be additional personal spending on top of what is included in our model, which will have an additional positive impact on the local economy.

Visitors bringing family members

- There may have been visitors to the 2013 NFL International Series who brought with them family members that did not attend the games. We have not included any additional expenditure in the host economy from these visitors in our modelling.

Extended stays in London and the UK by visitors

- Our model assumes an average length of stay of four to seven days in London for international visitors, and that the majority of domestic visitors were day visitors. In fact, many of these international visitors may have extended their stay in London or elsewhere

in the UK, and many domestic visitors may have stayed overnight in London before and/or following the game they attended. Additional expenditure in relation to this would lead to increased economic impact on both the London and wider UK economies.

NFL management personal spending

- We have not included any personal spending (i.e. retail, leisure etc.) by NFL management in our modelling, on the basis that this is discretionary in nature and inappropriate to estimate. Although the majority of these visitors' expenses will be covered by the event management budget of c.\$10.5m, there is also likely to be an element of additional personal expenditure, and potentially extended stays in London and the UK resulting in additional economic impact.

Investment by local authorities

- In addition to expenditure by the NFL on stadium and ancillary event infrastructure (e.g. field equipment, goalposts etc.), which is covered by the event management budget, there will have been investment in infrastructure, signage, equipment and personnel by local authorities which is not included in our model, that would represent additional economic impact.

Spend associated with ancillary events

- We understand from our discussions with NFL management that the Nike store on Oxford Street enjoyed one of its best days of trading on the day of the Regent Street event, at which more than 600,000 people are estimated to have been present. Spending of this nature, in part attributable to the NFL's presence, is not included in our model, and along with merchandise, retail and other spending at the Trafalgar Square NFL Fan Rally and pre-game events outside Wembley Stadium (Tailgate Party and Fan Plaza), would represent additional economic impact.

International flights booked with UK carriers

- We have included in our model the cost of international flights chartered by the NFL for visiting teams, on the basis that these flights were booked with Virgin Atlantic, and therefore represent expenditure in the UK economy. Many spectators who visited London and the UK will have booked through UK operators as well, and although we were not able to reliably estimate the quantum, this expenditure would represent additional economic impact.

Impact on the operations of NFL International Ltd

- NFL International Ltd. is a company based in London, whose principal activity is the promotion of American Football in Europe. The company also works closely with commercial partners to increase the profile of the sport within Europe, and promotes regular season NFL games within the UK on behalf of the NFL. With the growth of the NFL International Series from one to two games in 2013 (and three games in 2014), the operations and staff numbers of NFL International Ltd. have increased. We have not included the economic impact of this in our modelling, but the growth in operations of this company attributable to the International Series would also represent a direct economic impact on London and the UK.

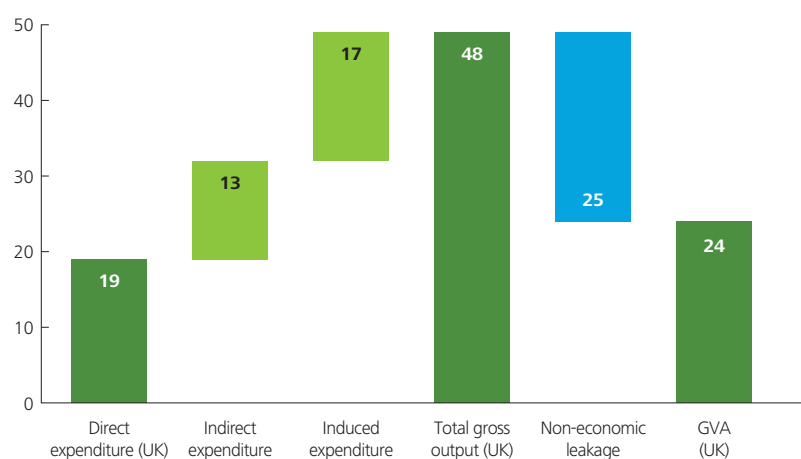
VAT generated through ticket sales

- While all revenue from ticket sales in the UK (excluding that retained by Wembley and Ticketmaster UK) flows to the US, there may be a potential economic impact upside through the tax generated (VAT) as a result of any ticket sales in the UK.

Indirect and induced impacts

- In addition to the direct economic impact we also consider the indirect and induced impacts to develop a total "gross output" figure. The methodology used for estimating indirect and induced impacts is set out in the "Methodology" section, and estimates two components of indirect impact:
 - Indirect (business-to-business impact)** – which estimates the total additional expenditure caused by businesses sourcing from further down the supply chain (i.e. by businesses reinvesting the money they received on supplies); and
 - Induced (consumer) impact** – which measures the associated consumer spending impacts (i.e. by individuals recirculating revenue into the economy).
- The collective impact of these two factors is variable and depends on both the structure of the London and UK economies, their level of interdependence with external sources (and hence the level of leakage), and the profile of expenditure associated with the games.

Chart 2.5: Estimated impact of the 2013 NFL International Series on the UK (£m)



Indirect and induced expenditure – Scenario One

- Our model estimates that the direct economic impact (direct expenditure) on London was £32m, of which £16m was generated by visitors from the rest of the UK. Outside London, there was additional direct expenditure of c.£3m (from international flights and non-London accommodation), resulting in total additional (i.e. non-displacement) direct expenditure in the UK of c.£19m.
- As per Chart 2.5, indirect and induced expenditure of £13m and £17m respectively result in total gross output in the UK of £48m.
- We have also calculated a Gross Value Added ("GVA") figure, which is more comparable to Gross Domestic Product ("GDP"), and takes into account non-economic leakage relating to production and other costs.
- For the 2013 NFL International Series, this is estimated to be £24m for the UK, of which £21m is attributable to London.

Note: Direct expenditure represents only the incremental expenditure relevant to each geography (i.e. Direct expenditure in London excludes London residents' expenditure, and direct expenditure in the UK excludes UK residents' expenditure in London).

Source: Deloitte analysis.

Potential economic impact of an expanded NFL International Series

We have made a range of assumptions, by stakeholder group, to enable us to model the potential economic impact on London and the UK of an NFL International Series expanded to four games.

Introduction

- This section of the report estimates the potential economic impact, on London and the UK, of additional NFL International Series games. For consistency, we have assumed that any additional games would be played at Wembley Stadium, the current venue for the International Series.
- In 2013 the NFL International Series moved from one to two games per season, and in autumn 2014 three games will be held in London. We have assumed in this Scenario a total of four NFL International Series games are held in London.
- This may appear to be a relatively small expansion. However, there are a number of important considerations for the NFL in expanding the International Series further, such as:
 - Would the additional game lead to a dilution of interest among London/UK fans, thus negatively affecting attendances?
 - What would be the incremental cost impact of having to bring two more NFL teams to London to play games?
 - Is there sufficient space in the London/UK sporting calendar to accommodate four NFL International Series games without clashing with other major sporting events (e.g. English Premier League, England soccer internationals, England rugby union autumn internationals)?
 - What would be the reaction from the NFL's core US market to the continuing expansion of the International Series?
- Our economic impact model has incorporated a range of assumptions in light of these considerations, as discussed opposite. It is important to note that in the absence of any detailed, logistical "roadmap" towards

the expansion of the NFL International Series, we have assumed, in most cases, a "path of least disruption", with our assumptions being largely consistent with the 2013 games modelled in Scenario One.

Key assumptions by stakeholder group

Spectators

- Four games to be played at London's Wembley Stadium;
- All four games to sell out (c.83,500 capacity with seat kills) – based on current demand levels for the 2014 NFL International Series;
- Ticket prices to remain in line with current prices such that demand is not adversely affected;
- Origin of spectators (i.e. split between London/Rest of UK/Overseas) to remain in line with 2013/2014 International Series. It is important to note that the ticket marketing strategy for an expanded International Series will likely have a material influence on this, and by extension the economic impact of the games. For example, a London focussed marketing campaign would likely decrease the number of "out of towners" and hence reduce the level of incremental direct economic impact on London; and
- The length of stay and assumed daily spend are consistent with Scenario One.

League office

- NFL to continue to cover the travel, accommodation and other costs of all travelling teams, with the exception of Jacksonville Jaguars (assumed to be included in this Scenario based on their existing four-year agreement with the NFL, which runs to 2016); and
- Costs per game to remain broadly in line with Scenario One, with a 5% economy of scale discount factored in to supplier-based costs (e.g. service organisation fees).

Teams

- Sizes and assumed daily spend of travelling parties and entourages per game assumed to be consistent with Scenario One.

Media

- Volume and origin of media attendees per game assumed to remain consistent with Scenario One.

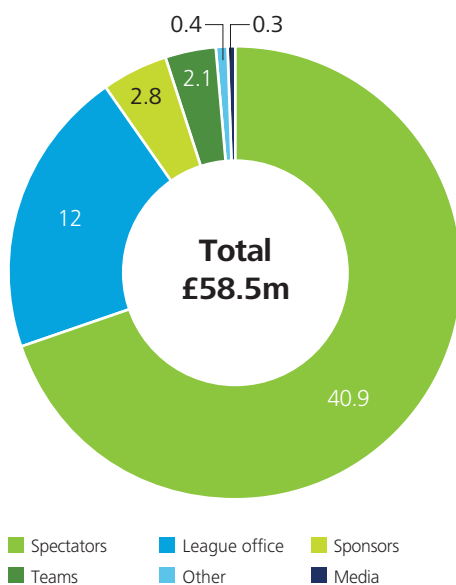
Sponsors

- Based on our discussions with NFL management, we have assumed a total sponsor activation spend of \$1m (c.£0.6m) per game.

Direct economic impact

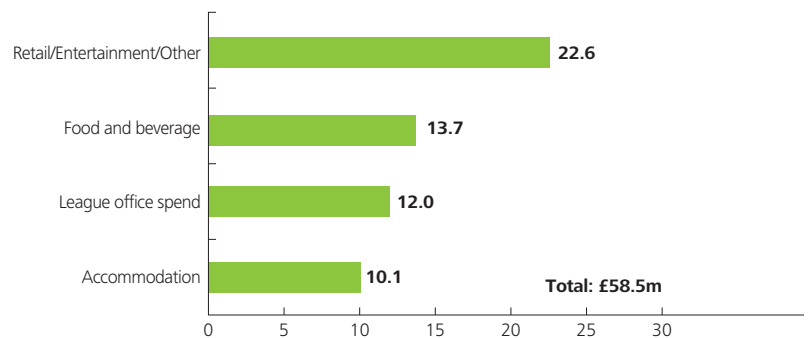
- The direct economic impact of London hosting an expanded NFL International Series (four games) is estimated to be £58.5m per season, delivering an incremental direct economic impact of more than £25m, compared with the 2013 International Series (two games).
- The majority of the additional spending comes from spectators, whose spend would be estimated to double from £20.5m to £40.9m per season with the two additional games. Spectator spending is estimated to account for 70% of the total spending for a four game series.

Chart 3.1: Estimated direct economic impact on London of expanding the NFL International Series to four games, by stakeholder (£m)



Source: Deloitte analysis.

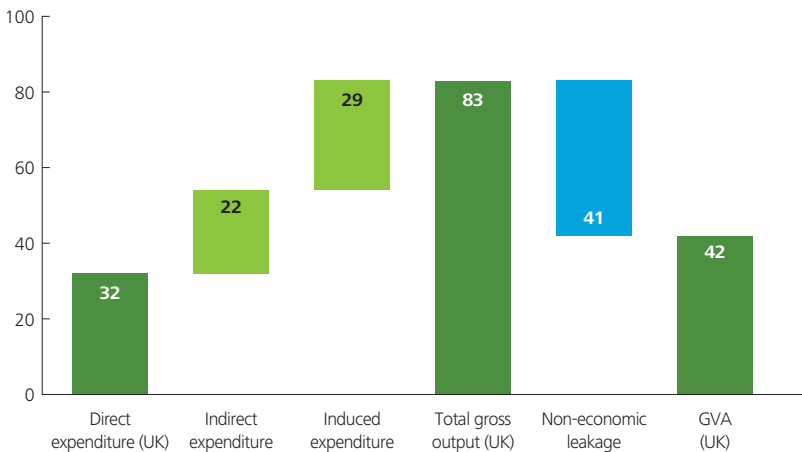
Chart 3.2: Estimated direct economic impact on London of expanding the NFL International Series to four games, by expenditure type (£m)



- We have assumed that demand for a four game series would be sufficiently strong that all four games would sell out. This is based on previous ticket sales, and the fact that all tickets for the three 2014 NFL International Series games were sold out months in advance of the games. Source: Deloitte analysis.
- There is assumed to be no change to the profile of spectator origin, length of stay or estimated daily spend on accommodation, food and beverage and other items whilst in London.
- League office operational spend in London is estimated to increase from £8.4m to £12m per season, with an assumed 5% saving achieved on supplier-based costs due to economies of scale. The increased volume of international flights and non-London hotel stays would increase the impact on the whole UK from League office operational spending from £10.8m to £16.8m per season.
- Sponsors' spending increases from £1.2m to £2.8m per season, including an estimated activation spend of \$1m (c.£0.6m) per game.
- Spending by competing teams and their entourages would increase to more than £2m per season, with an additional impact on the wider UK economy of £0.7m achieved through spending on international flights and non-London hotels by the Jacksonville Jaguars (assumed to be one of the eight teams competing based on their existing four-year agreement to participate in the NFL International Series). We have assumed that the Jaguars would continue with their



Chart 3.3: Estimated impact of an expanded NFL International Series on the UK (£m)



existing arrangements of staying at Pennyhill Park in Surrey.

- Other spending of £0.4m per season comprises the ticket revenue retained by Wembley and Ticketmaster UK, and media spending is estimated to increase to £0.3m per season as a result of the two additional games.

Note: Direct expenditure represents only the incremental expenditure relevant to each geography (i.e. Direct expenditure in London excludes London residents' expenditure, and direct expenditure in the UK excludes UK residents' expenditure in London).

Source: Deloitte analysis.

Indirect and induced expenditure – Scenario Two

- An expanded NFL International Series of four games per season could generate total gross output in the UK of £83m per season.
- The direct economic impact on the UK, after accounting for UK-resident visitors' expenditure in London, is estimated to be £32m, with estimated indirect and induced expenditure of £22m and £29m respectively.
- Total UK GVA has been estimated at £42m per season, of which £39m relates to London.

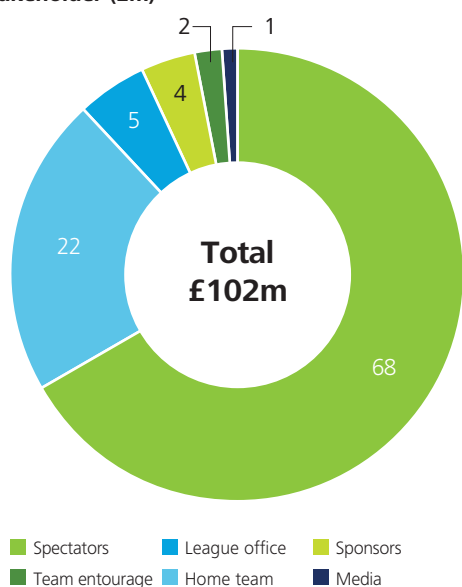
Potential economic impact of a London-hosted NFL franchise

In order to estimate the direct economic impact that the hosting of an NFL franchise may have on London, we have made a number of key assumptions. In most cases we have been conservative, with the likelihood being that there are a number of potential upsides.

Stakeholder Group	Assumption	Explanation
Spectators	Wembley Stadium to be used as home stadium	<ul style="list-style-type: none"> While it would be expected that the prospect of a London “hosted” franchise would create a degree of competition from several venues to host games, we have assumed that Wembley Stadium would remain the venue for all eight games, with a reduced capacity of 83,500 due to seat kills.
	Average stadium utilisation of 90%	<ul style="list-style-type: none"> While the current demand for NFL International Series tickets is incredibly strong, we have assumed that the increase in games to eight would impact demand slightly, as the novelty factor decreases. While this may be partly, or completely, offset by an increase in interest generated by the growth of a distinct domestic fanbase for a “London team”, we have assumed less than 100% utilisation across the eight games. The average stadium utilisation rate for NFL regular season games in the 2013 season was 96%. For the purposes of a London franchise, we have assumed a utilisation rate of 90% for regular season games in London, to account for the reduced novelty factor, as well as to reflect any decrease in interest in the latter half of a season dependent on the franchise’s on-pitch performance. A utilisation rate of 90% would still result in average attendances of more than 75,000 – comfortably making the franchise’s games the highest attended sports team matches in London and among the top ten supported NFL franchises by average attendance (based on 2013 attendance data). The ability of the franchise to attract such crowds would be dependent on a pricing strategy in line with other UK seasonal sports offerings, such that price does not become a deterrent for spectators, as well as the ability of both the NFL and the franchise to generate sufficient interest among fans in advance of the move.
	London-based spectators to increase to 30%	<ul style="list-style-type: none"> We would expect there to be a shift in the profile of spectator origin as a result of there being a franchise hosted in London. We have assumed that local spectators would comprise 30% of a gameday crowd, with an enhanced level of attachment by locals to a team perceived as “their own”, and a more localised ticket marketing strategy from the franchise.
	Non-local, UK-based spectators to reduce to 65%	<ul style="list-style-type: none"> Although non-London, UK-based spectators would still be expected to form the majority of a gameday crowd, we have assumed a reduction from current levels of 79% to 65%. The effective “smaller catchment area” of fans is due to expected stronger local interest (as explained above), and the potential difficulty of non-local fans returning home immediately after evening kick-offs. These logistical challenges are likely to negatively impact demand from non-London, UK-based customers.
	Length of stay and daily spend assumed to remain consistent with Scenarios One and Two	<ul style="list-style-type: none"> There is no reason to assume that these metrics would change significantly on average with a move to eight regular season games in London.
Home franchise	Home franchise to be “hosted” in London, rather than permanently “based” in London	<ul style="list-style-type: none"> The exact make-up of a London-hosted NFL franchise, as well as the logistical challenges that this poses, would need to be carefully considered as part of any future feasibility assessment. Although this report does not seek to map this out in detail, we have nonetheless made a number of high-level assumptions for the purpose of estimating the economic impact of a London NFL franchise on London and the UK.

Stakeholder Group	Assumption	Explanation
Home franchise (cont.)	Home franchise to be "hosted" in London, rather than permanently "based" in London	<ul style="list-style-type: none"> The key assumption we have made is that the home team would be "hosted by" London, rather than "based in" London. We have assumed a "path of least disruption" towards a London NFL franchise, involving the following high-level assumptions: <ul style="list-style-type: none"> All players and staff would remain resident in the USA, with a small commercial/marketing team presence in the UK to assist with local sales strategy; The home team would visit London four times a season for two weeks (13 nights), playing two home games on each visit; They would use Wembley as their home stadium on a rental basis, with an assumed discount based on economies of scale and an assumption that the opportunity to host a franchise would create a competitive environment between venues, and therefore create downward pressure on staging costs; and Training facilities would be rented, at costs consistent with those currently paid by visiting NFL teams for the International Series.
	Home franchise to cover transport, accommodation and other costs	<ul style="list-style-type: none"> The home franchise would cover their own costs in respect of travel (international flights to and from the UK), accommodation in London, and other team costs as noted above (e.g. stadium and training ground rental). In addition, we have assumed that the home franchise meets the cost of any supporting events and entertainment (such as pre-game tailgate parties), and other marketing and operational support in line with "business as usual" practice for a standard, US-based NFL franchise during the regular season.
League office operations	NFL to cover road team costs	<ul style="list-style-type: none"> For the purposes of our modelling, we have assumed that the League covers the cost of travel, accommodation and use of facilities for road teams whilst in London. Without at least some degree of assistance from the NFL, road teams could argue that a trip to London is financially disadvantageous, compared to a domestic road trip within the USA. There would likely be an element of cost-sharing between the travelling team and the NFL. However, given that any expenditure in the London economy from these sources represents incremental spend from overseas, for the purpose of simplicity we have not sought to split this out in this report. This would need to be carefully considered as part of any future feasibility assessment. Eight different road teams are assumed to visit London throughout the regular season, staying an average of six nights and chartering international flights with a UK-based carrier. Assumptions regarding size of travelling parties and estimated discretionary daily spend remain consistent with Scenarios One and Two.
Sponsors	Direct impact of sponsor activation spend per game to reduce	<ul style="list-style-type: none"> We have assumed that sponsorship activation spend by cornerstone global NFL partners continues, but that the level of impact of this expenditure will reduce due to the likely reallocation of an element of marketing spend from central US budgets to local UK marketing functions (thus resulting in displacement spend within the UK, which is not included in our estimates). As is currently the case in the NFL, we would assume there would be a tier of local franchise sponsors; however, given that any marketing spend originating from these sponsors would arise within the UK and the local economy, and would therefore not provide "additional" economic impact, we have not included this in our modelling.
Media	Assumed to remain consistent with Scenarios One and Two	<ul style="list-style-type: none"> We have assumed that the number of media accreditations per game remains at 400, with no change to the profile of media attendees, length of stay, or estimates of daily expenditure in the host economy.

Chart 4.1: Potential direct economic impact of a London-hosted NFL franchise on the host city by stakeholder (£m)



Source: Deloitte analysis.

Introduction

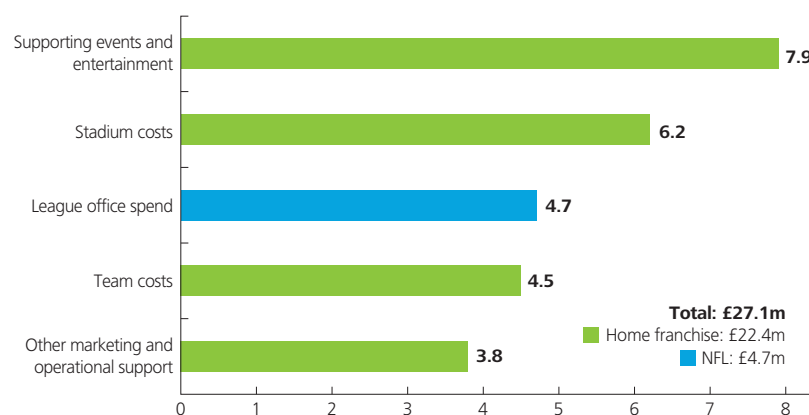
- There are two ways in which new cities are typically awarded a franchise and London would be likely to follow one of these routes.
- The first is if the League was to expand from its current size of 32 teams. The NFL has given no indication that such a move is on the horizon, and increasing beyond the current number would create scheduling issues.
- Alternatively, an existing NFL owner could decide to relocate their franchise to London from its current location. This has happened on a number of occasions, for example, the Los Angeles Rams and Los Angeles Raiders relocating to St. Louis and Oakland respectively in 1995, and the Cleveland Browns moving to Baltimore to become the Ravens in 1996.

Direct economic impact

- We estimate that a London-hosted NFL franchise could generate £102m per season in direct economic impact on the local economy.

The potential direct impact to London of hosting an NFL franchise is estimated to be £102m. Spectator spending of almost £70m would largely drive this, along with an estimated spend in the host economy by the home franchise of more than £20m.

Chart 4.2: Indicative split of expenditure in London economy between NFL management and home franchise (£m)



Source: Deloitte analysis.

- Spectator spending would comprise around two-thirds of this total, with more than 600,000 fans expected to attend the eight regular season games that would occur as a result of having an NFL franchise based in London.
- Based on the assumptions discussed in detail on the previous pages, we have estimated that the “home” franchise would spend in excess of £22m per season in the London economy.
- The largest elements of this expenditure would be on supporting events and gameday entertainment, of £7.9m (e.g. pre-game tailgate parties around Wembley Stadium), and stadium rental, build-out and other associated infrastructure costs (£6.2m).



- Team costs of £4.5m include home team catering and accommodation and rental of training facilities.
- Total spending in the local economy by League office operations is estimated to be £4.7m, with this expenditure relating to the cost of accommodation, catering and use of training facilities for road teams.
- Non-local sponsors are estimated to spend more than £4m in the local economy, with road teams (additional visiting entourage) and media contributing an additional c.£3m in direct spending.
- In addition to this direct impact on London, there is an incremental estimated direct impact on the UK economy of c.£6m arising from international flights, as well as induced and indirect spend as discussed on pages 23 and 24. There would also be a number of potential upsides to this impact, which are discussed below.

Potential upsides

New jobs created

- The advent of a London-hosted franchise will likely have a positive impact in terms of permanent jobs created within some of the stakeholder groups.
- Example areas of where this may be the case include: employment of London-based franchise staff (e.g. sales team; matchday operatives etc), increased venue staff etc.
- However, given the current hypothetical nature of this scenario, we have not attempted to quantify the volume of jobs created nor the economic impact that these would have.

Tax generated

- The creation of new jobs within the London economy would also have benefits in terms of the tax contributed from these new roles.
- Also, there may be further tax benefits delivered to the UK economy through the hosting of an NFL franchise, but again due to the current hypothetical nature of this scenario, it is not possible to estimate these with any degree of accuracy.

Infrastructure

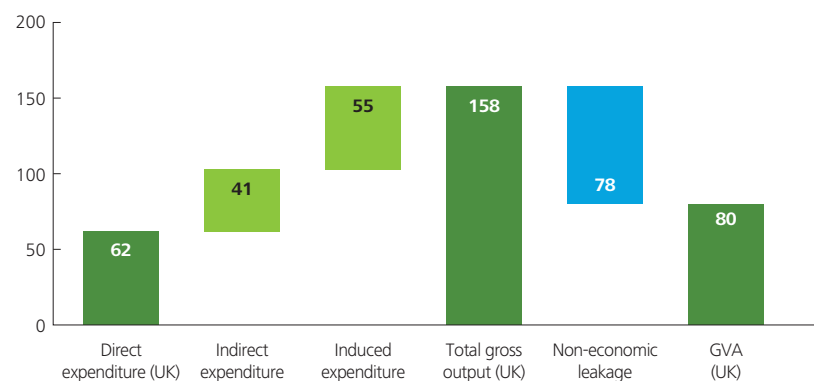
- While the assumption for a London-hosted franchise is that the current infrastructure (i.e. Wembley Stadium and training facilities) would be used, there may be some upside economic impact through investment in limited modifications to existing facilities to reflect the more frequent use of them by the host NFL team.

Place marketing for London

- If London were to host the first “overseas” NFL franchise, this would likely further enhance the profile of an already world-leading city, which, while difficult to quantify, may in small part promote greater levels of inbound tourism and/or consumer spending.
- The positioning of an NFL franchise in London would provide “Brand London” with significant exposure in the US television market, with at least 16 games per season, of which eight would be played in the UK capital. These home games, and the opportunity for them to be played within their own exclusive television window in the US, and thus be seen by 100% of the NFL’s US television audience, could provide significant opportunities to further enhance London’s already well-established status as a tourist attraction in the USA, and drive inbound tourism and/or consumer spending.

The hosting of an NFL franchise in London would have a number of potential economic impact upsides, in addition to those already identified arising from the staging of the NFL International Series. Although not quantified in this report, these could add substantially to the estimated direct economic impact.

Chart 4.3: Estimated impact of a London-hosted NFL franchise on the UK (£m)



Note: Direct expenditure represents only the incremental expenditure relevant to each geography (i.e. Direct expenditure in London excludes London residents' expenditure, and direct expenditure in the UK excludes UK residents' expenditure in London).

Source: Deloitte analysis.

Indirect and induced expenditure – Scenario Three

- The total potential gross output of a London-hosted NFL franchise in the UK is estimated to be £158m per season. £62m of this relates to direct expenditure, with £41m indirect expenditure and £55m induced expenditure.
- The franchise could potentially generate GVA, at a UK-level, of £80m per season.

Impact of a permanently London-based franchise

- The diagram below outlines the likely impact, on each stakeholder group, if an NFL franchise adopted a more permanent status in London (i.e. not just fly in and out for games).

- This approach would likely lead to a number of new areas of expenditure, including accompanying investment in infrastructure (e.g. stadium and training ground), and permanent or semi-permanent relocations of personnel (including playing and coaching staff).

Moving from a London-hosted franchise to a London-based franchise would have a small incremental impact on the London and UK economies, with up-front investment in infrastructure gradually offset by a reduction in the annual expenditure from League office operations and travel costs.

Effect on areas of direct economic impact if an NFL franchise was permanently based in London

Stakeholder	Spectators	Home franchise	League office	Media	Sponsors	Other
Likely effect on size of direct economic impact	↔	↑	↓	↔	↔	↑
	No change	Up	Down	No change	No change	Up
Rationale	Attendance is assumed to not be affected depending on whether or not the team was permanently based in the UK.	Reduced annual spend on return international flights and accommodation; Substantial upfront investment in infrastructure (potential stadium, training ground etc.).	Reduced spend in respect of marketing assistance as home franchise takes on more costs of this nature internally.	No reason to expect a significant change in direct media expenditure.	Greater time spent in UK to increase access to players and team to result in more opportunities for sponsor activation events; Potentially offset by loss of novelty factor and grand/one-off events (i.e. over time franchise adopts a more "business as usual" approach compared with International Series events).	Relocation of playing and coaching staff to UK on a permanent/semi-permanent basis increases tax revenue as well as general spending by franchise staff.

Economic profile of the Super Bowl

Marketed as “The Greatest Show on Earth”, the Super Bowl is widely considered to be the world’s most commercially successful annual sporting event.

Introduction

- A potential next step for the NFL, assuming an expansion of the International Series and the successful establishment of a permanent presence in the UK (in terms of a London-hosted franchise) would be to consider the potential of London to bid to host a Super Bowl.
- In this section of the report, we have laid out some of the key considerations in respect of this.

The Super Bowl in context

- The Super Bowl is the NFL’s annual championship game, held between the winners of the NFC and AFC at the end of the season (usually on the first Sunday in February). The Super Bowl has been played every year since 1967, and Super Bowls are designated by number rather than year (e.g. the 2015 Super Bowl will be known as Super Bowl XLIX).
- “Super Bowl Sunday” is considered to be a de-facto national holiday in America, and the Super Bowl is regularly the most watched broadcast on American television each year, widely reported as being second only to the UEFA Champions League final as the most-watched annual sporting event worldwide.
- Due to the high viewing figures, the event is seen as the most marketable in sport, with a 30-second TV advertising slot during the 2014 game reportedly costing \$4m.

Attendances at the Super Bowl

- The average attendance at the past five Super Bowls has been 79,898. This compares with an average attendance of 82,582 for the eight games played in London as part of the International Series since 2007. It should be noted that stadium utilisation is routinely 100% for a Super Bowl, meaning that stadium size is effectively the only restricting factor on attendances.
- The average attendance at a Super Bowl is broadly similar to that at major European sporting events such as the UEFA Champions League final and Rugby Union’s Heineken Cup final, both of which have been played in London in recent years.
- If a Super Bowl were to be held in London, we would expect it to be a sell-out, with an attendance in excess of 83,500 (after allowing for “seat kills” in line with International Series games).
- With an NFL-specific seating capacity of c.83,500, Wembley Stadium would be among the top three potential Super Bowl venues by capacity.

The Super Bowl in London: Considerations

What would be the reaction from the NFL’s core US market?

- The reaction from the NFL’s core US market could focus on the negative implications of moving a definitively “American” event overseas for reasons that may be

Table 5.1: Super Bowl key statistics, 2010-2014

Super Bowl	Year	Host city	Winner	Loser	Score	Attendance
XLVIII	2014	New York, NY	Seattle Seahawks	Denver Broncos	43-8	82,529
XLVII	2013	New Orleans, LA	Baltimore Ravens	San Francisco 49ers	34-31	71,024
XLVI	2012	Indianapolis, IN	New York Giants	New England Patriots	21-17	68,658
XLV	2011	Arlington, TX	Green Bay Packers	Pittsburgh Steelers	31-25	103,219
XLIV	2010	Miami, FL	New Orleans Saints	Indianapolis Colts	31-17	74,059

Source: Deloitte analysis.

perceived as solely financial or commercial. There would likely be a large reduction in the number of season ticket holders and “die-hard” fans of each competing team in attendance, compared with a US-based Super Bowl, potentially affecting the stadium atmosphere and the impression of the worldwide television audience.

Would a UK host city enable the NFL to maximise the Super Bowl’s commercial potential?

- Although we would expect that a UK-based Super Bowl would still result in major involvement and sponsorship activation spend from the NFL’s cornerstone global commercial partners, there is a degree of uncertainty as to what the appetite would be for the event from local UK-based sponsors.
- Doubts around the ability of American Football to attract sufficient press coverage and interest in the build up to the game – whether local (due to competing sports properties and events) or international (due to geographical and timing/logistical challenges) – would likely be mitigated by the sheer scale of the Super Bowl. London’s track record with events such as the 2012 Olympic and Paralympic Games make it highly likely that the event would dominate media coverage, but any comparative reduced interest compared with a US-hosted Super Bowl could impact a range of factors, including stadium attendance, television audience and wider global brand presence.

What would be an appropriate kick-off time?

- In light of the time differences between the UK and USA, careful consideration would need to be given regarding an appropriate kick off time.
- In the first week of February, East Coast states on Eastern Standard Time (EST) are five hours behind GMT. West Coast states on Pacific Standard Time (PST) are eight hours behind GMT. A 6pm kick off in the UK (traditional EST Super Bowl kick off time) would be 10am on the US West Coast. This may be unlikely to attract the desired television audience in the US.
- Although a later UK kick off time (e.g. 9pm UK/4pm EST/1pm PST) could lead to travel impracticalities for fans in attendance at the game, there is precedent for London making special travel arrangements (e.g. late tubes), during the 2012 Olympic and Paralympic Games.

Table 5.2: Top ten NFL Stadia by seating capacity

Position	Stadium	Home team	Seating Capacity
1	MetLife Stadium	New York Giants New York Jets	82,556
2	Lambeau Field	Green Bay Packers	80,798
3	AT&T Stadium	Dallas Cowboys	80,000
4	FedEx Field	Washington Redskins	79,000
5	Arrowhead Stadium	Kansas City Chiefs	76,416
6	Sports Authority Field at Mile High	Denver Broncos	77,160
7	Sun Life Stadium	Miami Dolphins	75,540
8	Bank of America Stadium	Carolina Panthers	73,778
9	Mercedes-Benz Superdome	New Orleans Saints	73,208
10	FirstEnergy Stadium	Cleveland Browns	73,200

What would be the additional costs to the NFL of hosting a Super Bowl in London?

- As demonstrated in Scenarios One to Three, there would be substantial incremental costs associated with moving Super Bowl game week/game day operations to the UK, compared with hosting in a US city.
- Furthermore, there would likely be certain incremental costs to London as a host city, in line with the costs incurred by previous host cities.

Note: AT&T Stadium has a total capacity of 105,000 including temporary seating and standing room.

Source: Deloitte analysis.

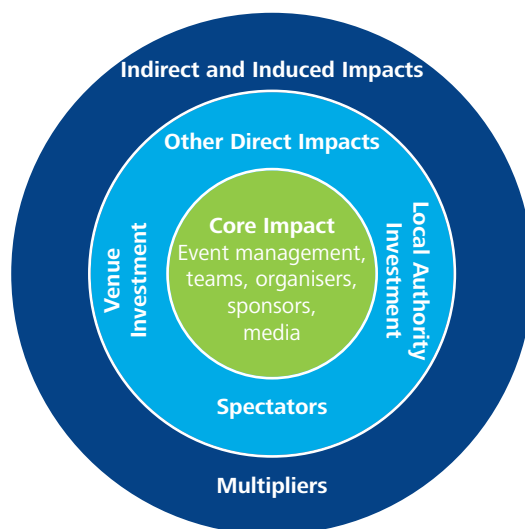
Would the London fanbase fully embrace the “All-American” nature of the Super Bowl?

- The success of the NFL International Series has demonstrated that there is a strong demand for NFL games in London and the UK. However, the special nature of the Super Bowl might require additional “education” of the UK fanbase (e.g. to embrace the extended nature of the game or the pre-match and halftime shows).
- Despite these significant challenges, London’s status as a leading world city, and its proven track record of hosting successful major sporting events, would make it a leading contender to host the Super Bowl, were the decision ever taken to move the event overseas.

Methodology

This report estimates how the direct expenditure of competitors, spectators, other attendees and organisers in connection with the NFL International Series would result in increased economic activity in London and the UK, and how this would flow through the economy to expand total national GDP.

Components of economic impact



Economic impact methodology

- The diagram illustrates the key components of economic impact. There are three broad areas in which impact will occur, as outlined below:
 - **core impacts** – core impacts represent the direct impacts from additional spending by competitors and their support teams, NFL management, event organisers, sponsors and the media present at the event;
 - **other direct impacts** – other direct impacts comprise potential spending by spectators and VIP guests attending the event, as well as activation and marketing spend by sponsors and the event organisers; and
 - **indirect and induced impacts** – indirect and induced impacts quantify the “ripple effect” as the

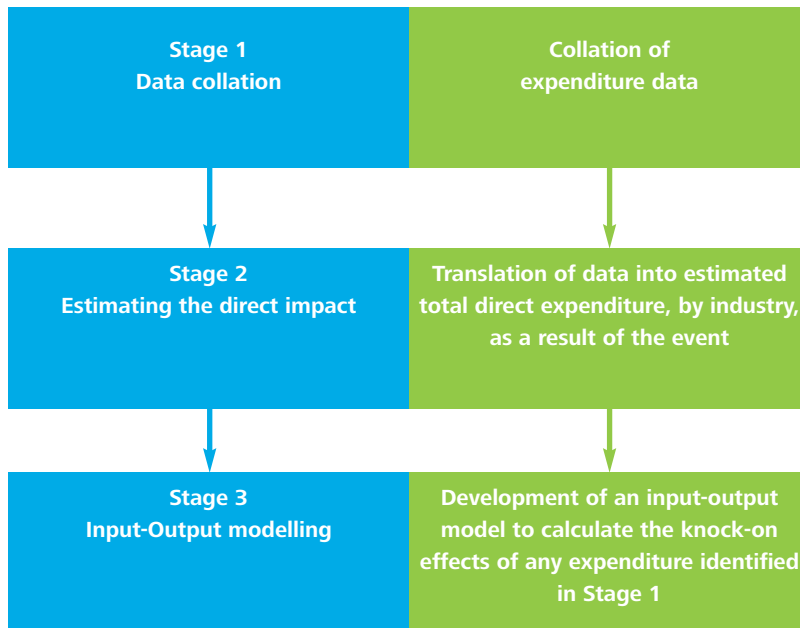
direct investment is recycled through the economy via reinvestment by hotels, restaurants, etc. We have estimated these indirect and induced impacts based on previous economic impact analyses, as well as our understanding of economic impact multipliers. The primary components of these impacts comprise business-to-business impacts – achieved largely by businesses investing in suppliers – and consumer impacts, as recipients reinvest money in the economy themselves.

- The estimate of the impact of the NFL International Series is based on assumptions regarding the key drivers of economic impact, formed through discussions with NFL management and from previous NFL International Series events. The actual direct impact of the 2013 NFL International Series could be different, due to factors such as the number of attendees and their propensity to spend.
- Our methodology in estimating the direct economic benefit follows the principles set out in the event IMPACTS event evaluation framework (www.eventimpacts.com).

Input-Output methodology

Model overview

- The latest available Domestic Use Matrix from ONS (differentiating between domestic purchases and imports) is used to give a matrix of coefficients for the UK, detailing the proportion of inputs sourced by an industry from all other industries and labour, as well as the sourcing preferences of consumers.
- The matrix of coefficients is then subtracted from the identity matrix before being inverted to give the Leontief Inverse. This matrix then provides Type I and Type II multipliers for the UK of 1.7 and 2.6 respectively. A Type I multiplier of 1.7 means that for a direct contribution of £1m in Gross Output terms, a further £0.7m in Gross Output would be generated by indirect sources (i.e. business-to-business purchases in the supply chain). A Type II multiplier of 2.6 suggests that a direct contribution of £1m in Gross Output would generate a further £0.9m (£0.9m = £2.6m - £1.7m) of Gross Output from induced sources (i.e. consumer spending).



Our analysis of the economic impact of the NFL on London and the UK uses a robust input-output methodology to estimate the multiplier effect of the event as direct expenditure “ripples” throughout the regional economy.

UK-level modelled analysis

- At a UK-level the model has been used to estimate, by sector and net economic contribution effects based on export-earnings in terms of:
 - Employment;
 - Value Added (aggregated to Gross Value Added); and
 - Gross Output (Revenues/Expenditure).
- In order to calculate the Gross Value Added (GVA) generated as a result of an event, we first calculate the ratio of Gross Value Added to Gross Output within all the sectors in the economy (i.e. the sum of employee remuneration, profit and attributable taxes on production divided by the total Gross Output produced in each sector). The Gross Value Added generated from an event is then derived from applying these ratios to the expenditure expected to take place across the relevant sectors of the economy as a result of the event.

Regional modelled analysis

- This study also provides estimates of economic effects at regional level, again in terms of direct, Type I and Type II effects, and within a consistent modelling system with the UK. The detailed regional sectoral data to allow this analysis has been sourced from ONS.
- The methodology for regionalisation includes the use of mathematical and economic techniques to approximate appropriate regional economies in model form from national-level statistics by approximating:
 - Who might be expected to buy what from whom (business-to-business purchases);
 - Who might be expected to pay whom for their work (compensation of employees); and
 - Who might be expected to buy what from whom (consumption of goods and services). The method is based around academic research into the approximation of sub-national multipliers, which has been tested where comparable sub-national matrices are available.

Limitations and glossary

Hanover Communications International Limited ("The Commissioning Party") instructed Deloitte LLP ("Deloitte") to produce this report, which has been prepared in accordance with the contract dated 19 June 2014. This report sets out the results of research and analysis of the economic impact on London and the UK of NFL events hosted in London in 2013 and the potential economic impact of London hosting additional NFL events or an NFL franchise in the future.

This report is prepared for the sole and confidential use of The Commissioning Party. In preparing this report our only responsibility and duty of care is to The Commissioning Party. We did not, and do not by consenting to publication of this report, assume or accept or owe any responsibility or duty of care to any other person.

Some of the matters covered in this report are by their nature technical. The intended recipient of the report, The Commissioning Party, is familiar with the issues, facts and other matters addressed and the report was written with that in mind.

The Commissioning Party has asked for our consent to make this report available to other parties. We have agreed to provide such consent on the following conditions:

The report may not be suitable for the use of any person other than The Commissioning Party. Accordingly, publication of this report to persons other than The Commissioning Party is for information purposes only and no person other than The Commissioning Party (including, without limitation, NFL International Limited and London and Partners) should place any reliance on this report; and

We do not assume or accept or owe any responsibility or duty of care to any person other than The Commissioning Party (including, without limitation, NFL International Limited and London and Partners). Accordingly, any person other than The Commissioning Party (including, without limitation, NFL International Limited and London and Partners) who, contrary to the above, chooses to rely on this report, does so at their own risk and we will not be responsible for any losses of any such persons caused by their reliance on this report.

The report has been prepared principally from information supplied by and obtained from discussions with NFL International Ltd management, and from publicly available sources, pursuant to the scope of the work agreed in the contract.

Whilst all reasonable care has been taken to ensure that such information has been accurately extracted or derived from these sources, we have not separately verified the information, nor sought to establish the reliability of the sources.

The choice of parties from whom we gathered information is subjective and cannot be comprehensive. The nature of some of our enquiries is such that we rely on oral comments and we cannot seek independent verification of all information supplied. It is possible that had we spoken to other parties we might have been provided with different information from which we might have drawn different conclusions.

We have not sought to verify the information contained herein nor to perform the procedures necessary to enable us to express an audit opinion on any of the financial or nonfinancial information contained in this report. Indeed, much of the additional, non-financial information contained in this report cannot be subjected to audit or otherwise independently verified. We have assumed that The Commissioning Party and NFL International Ltd has drawn to our attention all matters of which they are aware concerning the project and which may have an impact on our work and the report. Accordingly, we accept no liability howsoever arising, directly or indirectly, from any error or incompleteness of fact or opinion in this report to the extent caused by inaccuracies or incompleteness in the information on which we have relied.

Insofar as this document contains conclusions and opinions, these are statements of opinion and should not be treated as statements of fact. These opinions and conclusions are derived from the work we have undertaken, as described herein, and are held at the date hereof but may not be applicable thereafter. We give no undertaking to update or correct any conclusion, opinion or fact in the light of circumstances arising or information becoming known after the date hereof.

Since any prospective financial information relates to the future, it may be affected by unforeseen events. Actual results are likely to be different from those projected because events and circumstances frequently do not occur as expected, and those differences may be material.

The realisation of the projected results shown in any prospective financial information depends in part upon the effectiveness of management's actions in its implementation and execution of the underlying business plans. We can give no assurance as to whether or how closely the actual results ultimately achieved will correspond to those planned, budgeted, projected or forecast. Any views we may express as to the basis for any prospective financial information or possible future outcomes will be made in good faith on the basis of the information available to us at the time but will not constitute a representation, undertaking or warranty of any kind.

Glossary of terms

Direct Economic Impact

This refers to total direct expenditure in each specified economy (i.e. London/whole of UK), as a result of the NFL International Series/a London-hosted NFL franchise by all stakeholders as identified in this report

Gross Output (GO)

Gross Output ("GO") is equivalent to the revenue generated in a sector or organisation. It is equal to GVA (see below) plus the intermediate purchases of goods and services. These intermediate purchases are not counted towards GVA as the value is added by the sector or organisation producing those inputs.

Gross Value Added (GVA)

Gross Value Added ("GVA") is comparable to Gross Domestic Product ("GDP"), and takes into account non-economic leakage relating to production and other costs at each stage of production. It is composed of compensation of employees, operating profit, and attributable taxes less subsidies.

Indirect expenditure

Also known as business-to-business impact, this estimates the total additional expenditure caused by businesses sourcing from further down the supply chain (i.e. by businesses reinvesting the money they received on supplies)

Induced expenditure

Also known as induced (consumer) impact, this measures the associated consumer spending impacts (i.e. by individuals recirculating revenue into the economy)

Local attendees

London-resident attendees (i.e. from within the 33 local authorities of Greater London)

Media

Individuals in attendance at the games on behalf of various media outlets, including written press, TV and new media

NFL management

This represents all US-based NFL management in attendance at the games

Non-local attendees

Non-London resident attendees (i.e. from the rest of the UK or overseas)

Regular season

The 17-week period between early September and late December/early January during which every NFL team plays 16 games (eight at home and eight road games). A team's performance during the regular season determines whether they qualify for the end-of-season Play-Offs and, ultimately, the Super Bowl

Spectators

Spectators include all "General Admission" (GA) and "Corporate Hospitality" (CH) attendees at the games

Sponsors

Corporate entities who are current commercial partners of the NFL, and individuals attending the games on behalf of NFL commercial partners

Teams

Competing teams, including "core" travelling party of players, coaches and support staff, and team entourages (e.g. family and friends)

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